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Chair: Ms. Bird ..... (Australia)
Chair of the Advisory Committee on Administrative and Budgetary Questions: Mr. Ruiz Massieu

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The meeting was called to order at 10.05 a.m.

Agenda item 140: Scale of assessments for the apportionment of the expenses of the United Nations (*continued*) (A/73/11 and A/73/76)

Agenda item 149: Scale of assessments for the apportionment of the expenses of United Nations peacekeeping operations (*continued*) (A/73/350)

1. **Mr. Gafoor** (Singapore), speaking on behalf of the Association of Southeast Asian Nations (ASEAN), said that all Member States must fulfil their financial obligations to the Organization in full, on time and without conditions, bearing in mind the genuine difficulties that prevented some countries from doing so. ASEAN supported the recommendation of the Committee on Contributions that countries in the latter category be permitted to vote until the end of the seventy-third session of the General Assembly. The current methodology for the preparation of the scales of assessments reflected a long-standing and hard-won consensus on a set of underlying principles, chief among which was the capacity to pay. That principle must remain the primary criterion in the apportionment of the Organization's expenses.

2. Under the current scale methodology, the assessed contributions owed by countries with rapidly growing economies, including many ASEAN members, would increase, while those owed by countries with slow-growing economies would decrease. Indeed, according to the report of the Committee on Contributions (A/73/11), the application of the current scale would lead to an increase in the regular budget contributions owed by about 60 developing countries and a decrease in those owed by approximately 30 European and Organization for Economic Cooperation and Development member countries. Notwithstanding the increase in their assessments, ASEAN members were committed to fulfilling their financial responsibilities to the United Nations and called on other Member States to do the same, in order to ensure effective mandate implementation. ASEAN would reject any proposals that were inconsistent with the principle of the capacity to pay or that aimed to increase the contributions of developing countries. In that regard, the maximum assessment rate of 22 per cent, which was at odds with the principle of the capacity to pay and represented a distortion of the scale of assessments benefiting a single Member State, must be reviewed.

3. In the interest of equity and equality, intergovernmental organizations with an enhanced observer status at the United Nations that enjoyed rights and privileges usually granted only to observer States should have the same financial obligations as such States. ASEAN looked forward to thorough consideration of that issue.

4. In recognition of their special decision-making prerogatives in the area of peace and security, as set forth in General Assembly resolutions 1874 (S-IV), 3101 (XXVIII) and 55/235, the permanent members of the Security Council should continue to absorb the discounts applied to the peacekeeping rates of assessment of other Member States. That was essential to preventing a situation in which the political dominance of permanent members of the Security Council increased while their financial contributions decreased.

5. Peacekeeping rates of assessment must take into account the special circumstances of developing countries, particularly those with deceptively high per capita incomes owing to their small populations. Developing countries and developed countries should not have the same financial responsibilities. In that regard, developing countries that were not permanent members of the Security Council should not be classified above contribution level C in the peacekeeping scale of assessments.

6. **Mr. Davidson** (South Africa), speaking also on behalf of Brazil, the Russian Federation, India and China, said that their delegations were confident that the Secretariat would issue documents in all official languages in a timely fashion and that the Fifth Committee would complete its work in a constructive and expeditious manner. They attached great importance to the scales of assessment and to ensuring that the Secretariat was provided with adequate resources for effective mandate fulfilment. The elements of the current scale methodology were not open to negotiation, with the exception of the maximum assessment rate, which was at odds with the principle of the capacity to pay and represented a fundamental distortion of the scale of assessments.

7. **Mr. De Preter** (Observer for the European Union), speaking also on behalf of the candidate countries Albania, Montenegro and the former Yugoslav Republic of Macedonia; the stabilization and association process country Bosnia and Herzegovina; and, in addition, Armenia, Georgia and the Republic of Moldova, said that the report of the Committee on Contributions (A/73/11) provided a valuable technical basis for the Fifth Committee's work and elucidated some of the issues that prevented the current scale methodology from accurately reflecting Member States' capacity to pay.

8. Funding the Organization was the joint responsibility of all Member States, in accordance with Article 17 of the Charter of the United Nations. As the largest collective financial contributors to the Organization, the member States of the European Union emphasized the need to maintain its financial sustainability and for the General Assembly to ensure a more equitable and balanced distribution of financial responsibilities among Member States, in accordance with the principle of the capacity to pay. The current scale methodology could be improved to better reflect that principle. For instance, while an essential element of the methodology, the low per capita income adjustment did not entirely fulfil its intended purpose as a form of targeted relief for countries with low per capita income. Any changes to the low per capita income adjustment must be based on reliable data and should represent a technical enhancement of the methodology. Moreover, the methodology must not deviate from Article 17 of the Charter.

9. The European Union member States were active participants in United Nations peacekeeping operations, contributing troops, civilian police, other personnel and financing. The peacekeeping rates of assessment should reflect the special responsibilities of the permanent members of the Security Council and the principle of capacity to pay. Any discounts granted should be established on the basis of objective and comparable criteria with the goal of providing relief to countries with low per capita income. In that regard, the discount granted to countries classified at contribution level C should be discontinued, as it clearly distorted the principle of the capacity to pay. Noting that some Member States had pledged to voluntarily reduce their discount rates or to be classified at higher contribution levels, the European Union welcomed voluntary upward movements in the levels of contribution by Member States at all levels.

10. Member States had a fundamental duty to pay their assessed contributions in full, on time and without conditions. Nevertheless, some States might face genuine temporary difficulties in discharging that duty. His delegation therefore endorsed the recommendations of the Committee on Contributions regarding exemptions under Article 19 of the Charter.

11. **Ms. Norman-Chalet** (United States of America) said that the United States was a staunch supporter of the United Nations and its role in promoting peace and security, human rights and development, causes to which her Government contributed significant financial and other resources. In addition to being the largest financial contributor to United Nations peacekeeping operations, having provided approximately $1.8 billion for such operations in 2017/18, the United States also provided direct annual support of approximately $400 million to train and equip troops and police to participate in peacekeeping operations and to countries involved in multinational peacekeeping operations. Assessed funding for peacekeeping exceeded that of any other United Nations activity, and continued dependence on a limited number of donors was not conducive to the Organization's overall health and sustainability. She recalled that maximum and minimum assessment rates had been part of the scale methodology since the establishment of the United Nations. In that regard, the United States called for the establishment of a 25 per cent maximum assessment rate for peacekeeping and would defend the current 22 per cent maximum assessment rate for the regular budget, as those policies were in the Organization's best interests and would reduce its reliance on the contributions of a single Member State. Her delegation looked forward to working with all Member States to ensure an equitable apportionment of the Organization's expenses, including by redistributing the share of peacekeeping assessments in excess of the proposed 25 per cent ceiling. Certain countries could and should increase their assessed peacekeeping contributions.

12. **Mr. Otsuka** (Japan) said that assessed contributions were indispensable to the functioning of the United Nations. Member States were jointly responsible for providing financial support to the Organization according to their capacity to pay, in keeping with Article 17 of the Charter and relevant General Assembly resolutions. As one of the Organization's major financial contributors, Japan was subject to a high rate of assessment and had paid its contributions in full in recognition of that assessment rate's faithful reflection of the economic reality over the relevant scale periods. The updated scale contained in the report of the Committee on Contributions (A/73/11) accurately took into account the recent changes in the economic situation of each Member State. However, the scale methodology should be improved using current, comprehensive and comparable data to more equitably reflect each Member State's capacity to pay.

13. Even as it sought reform of the Security Council, Japan firmly supported the practice of taking into account the special responsibilities of the permanent members of that body in determining their levels of contribution to peacekeeping operations. Should Japan become a permanent member of the Council, it would contribute at a level commensurate with its special responsibilities.

14. His delegation endorsed the recommendations of the Committee on Contributions regarding exemptions

under Article 19 of the Charter and encouraged those Member States in arrears to consider submitting multi-year payment plans.

15. **Mr. Fu** Daopeng (China) said that financial contributions to the Organization must be assessed on the basis of Member States' capacity to pay, which was ultimately determined by their per capita income. China welcomed the increasing number of Member States implementing the 2008 System of National Accounts, which had improved the comparability of gross national income (GNI) data. His delegation was nevertheless concerned at the decrease in the number of Member States directly submitting national accounts questionnaires, as it undermined the authority and accuracy of the data collected. In addition, China believed that the use of longer base periods in preparing the scale of assessments provided a more stable and sustainable measure of Member States' capacity to pay and reduced the negative impact of short-term economic fluctuations.

16. The increase in the assessed contributions owed by developing countries and the decrease in those owed by developed countries in recent years demonstrated the inappropriate blurring of the distinction between developed and developing countries that had resulted from the current scale methodology. The debt burden adjustment and the low per capita income adjustment should be strengthened. Any criticisms or exaggerated claims regarding the distortion introduced by those measures in the scale of assessments were unacceptable, and any attempt to limit those measures was inconsistent with the principle of the capacity to pay.

17. Despite its relatively rapid economic growth, China remained a developing country. Its assessed contributions continued to increase significantly, under the close watch of Chinese taxpayers. However, provided that the scale methodology was fair, equitable and reasonable, China would continue to pay its dues on time and in full, as an expression of its support for the United Nations and multilateralism.

18. **Mr. Velázquez Castillo** (Mexico) said that Mexico attached great importance to the scale of assessments. In particular, it was concerned that the scale should be fair and should reflect the reality of the international system. As the Organization entered a period of significant change, it must ensure that financial contributions were assessed on the basis of Member States' capacity to pay, in accordance with its mandates and the rules of procedure of the General Assembly.

19. The scales of assessments adopted by the General Assembly were designed to reflect the principle of capacity to pay and the special responsibilities of the permanent members of the Security Council for the maintenance of international peace and security. All Member States must pay their contributions in full, on time and without conditions. Furthermore, the peacekeeping rates of assessment for permanent members of the Security Council must remain commensurate with their special responsibilities, and any change in the peacekeeping assessments owed by one permanent member must be redistributed among the other permanent members, without affecting the peacekeeping assessments owed by the rest of the United Nations Member States.

20. **Mr. Al-Maawdah** (Qatar) said that peacekeeping operations should be adequately funded so that they could carry out their functions, which were not limited to the maintenance of international peace and security but included political affairs, the protection of civilians, assistance in disarmament, the protection of human rights, and the application of the rule of law. The principles underling the apportionment of the expenses of United Nations peacekeeping operations, adopted by the General Assembly in its resolution 55/235, should form the basis of any discussion of the scale of assessments. The financing of peacekeeping operations was the collective responsibility of all Member States and should reflect the special responsibilities of the permanent members of the Security Council and the limited capacity of the economically less developed countries to contribute to the budgets of peacekeeping missions.

21. The Group of 77 and China had repeatedly emphasized in its ministerial declarations, most recently at the forty-second annual meeting of the Ministers for Foreign Affairs of the States members of the Group, held in New York in September 2018, that no member of the Group that was not a permanent member of the Council should be categorized above level C. Transparency was essential to the conduct of negotiations on the matter, as were the role, legitimacy and efficiency of the Fifth Committee as the Main Committee of the General Assembly responsible for administrative and budgetary matters. The Group rejected all political pressure to accept the idea of any of its members voluntarily transferring to level B.

22. **Mr. Kumar** (India) said that all Member States must fulfil their financial obligations to the Organization in full, on time and without conditions to ensure that it was provided with adequate resources. Indeed, the Secretary-General's reforms and Member States' calls for efficient use of resources would be ineffective if assessed contributions were not paid on time. Unpaid assessments currently amounted to more

than $3.3 billion, roughly one-third of total annual assessments. That situation hindered the efficient fulfilment of mandates approved by Member States, to the detriment of those States that would have benefited from efficient mandate implementation and those States that had paid their assessments on time.

23. Although the application of the current scale methodology would result in a significant increase in the assessed contributions owed by India, his country supported the continued use of that methodology and was committed to fulfilling its financial responsibilities, having paid in full its regular budget contributions for 2019 in advance. The principle of the capacity to pay and the low per capita income adjustment were not open to negotiation, and such core elements as the base period, GNI, conversion rates, the gradient, the floor and the debt-stock adjustment must also be retained.

24. He noted with concern the efforts by some delegations to introduce a maximum assessment rate for peacekeeping contributions. The peacekeeping scale of assessments must continue to clearly reflect the special responsibilities of the permanent members of the Security Council for the maintenance of peace and security. Moreover, the current system of discounts applied in calculating the peacekeeping scale should be maintained, and developing countries should not be arbitrarily targeted to move to higher contribution levels or forced to accept reductions in their discounts.

25. As the largest cumulative contributor of troops and police to United Nations peacekeeping operations, India was acutely aware of the importance of adequate resources for implementing peacekeeping mandates. Over the years, prolonged, unacceptable non-payment of assessed peacekeeping contributions had resulted in financial deficits in some closed peacekeeping missions and interminable delays in payments owed to troop- and police-contributing countries, which played a key role in maintaining international peace and security. Indeed, significant amounts were owed to India for both closed and active missions.

26. Committed to ensuring reform of the Security Council, India sought to become a permanent member of the Council and was willing to assume the related additional financial responsibilities. It also supported the recommendations of the Committee on Contributions regarding exemptions under Article 19 of the Charter and believed that organizations with an enhanced observer status should have the same financial obligations as observer States.

27. **Mr. Duque Estrada Meyer** (Brazil) said that the principle of capacity to pay should not be undermined by arbitrary considerations and political concerns, and developing countries, including least developed countries, should not be overburdened by assessed contributions. In that regard, Brazil firmly supported the recommendations of the Committee on Contributions and the implementation of General Assembly resolutions 55/235 and 55/236.

28. As the sole Main Committee of the General Assembly entrusted with administrative, financial and budgetary matters, the Fifth Committee must conduct open, inclusive and transparent deliberations in order to reach a legitimate and consensual outcome on the matters before it, in keeping with the Organization's multilateral character.

29. **Mr. Locsin** (Philippines) said that the current scale methodology equitably reflected changes in the relative economic situations of Member States. His delegation reaffirmed the importance of the principle of capacity to pay in the apportionment of United Nations expenses and rejected any changes intended to increase the contributions of developing countries. Core elements of the scale methodology, including GNI, conversion rates, low per capital income adjustment, the gradient, the floor, the least developed countries ceiling and the debt-stock adjustment, must be retained.

30. Noting that the assessments owed by some developing countries had increased significantly while those owed by developed countries had decreased, he looked forward to learning more from the Secretariat about the steps in the methodology and their impact on the proposed changes to the scales of assessment. He welcomed the efforts of Member States that had met their commitments under multi-year payment plans. Such plans should remain voluntary and should not be used as a means of exerting pressure on Member States that were already in difficult circumstances.

31. **Mr. Alyahya** (Kuwait) said that United Nations peacekeeping missions played an important role in maintaining international peace and security; conflicts were best resolved peacefully, through dialogue and mediation. As a non-permanent member of the Security Council since the start of 2018, Kuwait had noted positive developments related to the renewal of the mandates of peacekeeping missions, which had been made more efficient through the introduction of clear objectives to ensure peace and stability in conflict areas. General Assembly resolution 55/235, which established the principles underlying the peacekeeping scale of assessments, stated that the financing of such operations was the collective responsibility of all Member States, but the financing mechanism should reflect the special responsibilities of the permanent members of the Security Council, some of which were directly involved

in the establishment of peacekeeping missions. The resolution distinguished between developing countries, developed countries and the permanent members of the Council, and her delegation believed that no developing country should be classified above level C. In discussions of the funding of peacekeeping missions, it must be understood that assessed contributions should be paid in full and as soon as possible so that missions could implement Security Council mandates.

32. **Mr. Chumakov** (Russian Federation) said that the scales of assessments for the regular and peacekeeping budgets should be based on reliable, verifiable and comparable data. The Committee on Contributions had made its recommendations on that basis; Member States should adopt all those recommendations and preserve the current methodology, which reflected their capacity to pay.

Draft resolution A/C.5/73/L.2: Scale of assessments for the apportionment of the expenses of the United Nations: requests under Article 19 of the Charter

33. *Draft resolution A/C.5/73/L.2 was adopted.*

Agenda item 137: Programme planning (A/73/16 and A/73/77)

34. **The Chair** drew attention to the report of the Committee for Programme and Coordination (CPC) on its fifty-eighth session (A/73/16).

35. **Mr. Berridge** (Programme Planning and Budget Division), introducing the Secretary-General's report on the programme performance of the United Nations for the biennium 2016–2017 (A/73/77), said that the report provided an overall account of the results achieved by the Organization for a total of 862 expected accomplishments under the 36 sections of the programme budget, including the implementation of 33,954 outputs. The report was composed of four sections, including an introduction presented as Section I. Section II highlighted the main results achieved by the Organization under the 10 programme elements of the programme budget, while output implementation and resource utilization were set out in section III. The rate of implementation of mandated outputs had decreased from 94 per cent in 2014–2015 to 93 per cent in 2016–2017. It had been lower than 90 per cent under five budget sections, namely section 2, General Assembly and Economic and Social Council Affairs and conference management, and section 15, Human settlements, each with 89 per cent; section 4, Disarmament, with 88 per cent; section 3, Political affairs, with 85 per cent; and section 29D, Office of Central Support Services, with 62 per cent. Section IV of the report provided qualitative statements of performance under the different budget sections at the programme and subprogramme levels, and information on the challenges faced by the Secretariat in implementing the programme of work. Pursuant to General Assembly resolutions 70/255 and 71/283, the annex to the report contained comprehensive information on the status of the implementation of relevant Assembly resolutions on administrative and budgetary matters.

36. **Mr. Ahmed** (Egypt), speaking on behalf of the Group of 77 and China, said that the Group attached great importance to programme planning and appreciated the role of CPC in enabling the General Assembly to translate mandates agreed upon by Member States into workable programmes. As the main subsidiary organ of the Assembly and the Economic and Social Council responsible for planning, programming and coordination, CPC offered guidance to the Secretariat by interpreting legislative mandates and developed evaluation procedures to improve programme design and avoid duplication of effort; it embodied the core oversight capacity of the General Assembly in that area. The Group welcomed the commitment of CPC to promoting accountability for and the monitoring and evaluation of programme results in the Organization. Since the report of CPC provided a consistent basis for the consideration of the relevant matters before the Fifth Committee, the Group endorsed the recommendations and conclusions contained in the report of CPC on its fifty-eighth session.

37. The programme performance report was an important accountability and management tool for Member States and the Secretariat, particularly with regard to lessons learned. It should be used now more than ever with the Organization about to change from a biennial to an annual budget period on a trial basis. Under the new system, additional outputs during the yearly programme plan should stem primarily from intergovernmental mandates, as was currently the case. The Group welcomed the information provided by the Secretariat at the fifty-eighth session of CPC regarding the proposed strategic framework for 2020, but stressed that the task of setting the priorities of the United Nations was the exclusive prerogative of Member States. In preparing the future annual programme and budget, the Secretariat should, in accordance with the recommendations and conclusions of CPC, consult with Member States and apprise them of the significant changes that the strategic framework would undergo.

38. The CPC report contained important discussion and recommendations related to the triennial review of the implementation of the recommendations from the

programme evaluation of the Office of the United Nations High Commissioner for Refugees, the United Nations Conference on Trade and Development, the Economic Commission for Latin America and the Caribbean, the Economic and Social Commission for Asia and the Pacific, and the United Nations Human Settlements Programme. Given the importance of United Nations system support for the New Partnership for Africa's Development, the Group supported the efforts of the Office of the Special Adviser on Africa to implement the Partnership. In formulating policies and making decisions, the United Nations system and intergovernmental bodies should take into consideration the views, comments and inputs of regional and subregional organizations, particularly the African Union. The Group supported the CPC recommendations that the General Assembly request the organizations of the United Nations system to promote greater coherence in their work in support of the Partnership and to support African efforts to implement the 2030 Agenda for Sustainable Development and the African Union Agenda 2063.

39. The Joint Inspection Unit (JIU), as the sole independent, external oversight body of the United Nations system, should continue to submit its reports to CPC, since one of the essential mandates of CPC was to assist the Economic and Social Council and the General Assembly in coordination questions. In the evaluation of Secretariat entities, better use should be made of in-house expertise, particularly that of the Office of Internal Oversight Services (OIOS), the Board of Auditors and JIU, which would be more relevant than ever in a year of such significant changes.

Agenda item 136: Programme budget for the biennium 2018–2019

United Nations Office for Partnerships
(A/73/222)

40. **Mr. Skinner** (Executive Director, United Nations Office for Partnerships), introducing the Secretary-General's report on the United Nations Office for Partnerships (A/73/222), said that the Office oversaw the United Nations Fund for International Partnerships (UNFIP) and the United Nations Democracy Fund (UNDEF), and provided partnership- and outreach-related advisory services to the United Nations system, Government and non-governmental agencies, in support of the Sustainable Development Goals. The Secretary-General, in his report entitled "Repositioning the United Nations development system to deliver on the 2030 Agenda: our promise for dignity, prosperity and peace on a healthy planet" (A/72/684-E/2018/7), had stated that the Office would be firmly established as the Organization's global gateway for partnerships. In 2018, the Executive Office of the Secretary-General had initiated a review of the operations of the United Nations Office for Partnerships to improve the engagement of public and private stakeholders, including civil society organizations, with the United Nations development system.

41. The purpose of UNFIP was to serve as the interface between the United Nations Foundation and the United Nations system, a relationship governed by the Revised and Restated Relationship Agreement between the United Nations and the United Nations Foundation. The Joint Coordination Committee had been established to assist with that task. In 2017, the Foundation had helped advance the Organization's work in several areas. The cumulative grant allocations provided by the Foundation through UNFIP between 1998 and 2017 had reached $1.47 billion, and covered 641 projects implemented in 128 countries by 48 United Nations entities.

42. With regard to UNDEF, whose purpose was to empower civil society, promote human rights and encourage the participation of all groups in democratic processes, 48 new projects had received a total of $9.3 million from the eleventh round of funding in 2017, and 2,429 proposals for assistance from the twelfth round of funding had been received by the December 2017 closing date for applications in that round. In 2016, the UNDEF Advisory Board had approved a revised post-project evaluation strategy, designed to make better use of available expertise and exploit lessons learned from project evaluations.

43. **The Chair** drew the Committee's attention to an oral draft decision, prepared in accordance with established practice, by which the Committee would recommend that the General Assembly take note of the Secretary-General's report on the United Nations Office for Partnerships (A/73/222).

44. **Ms. Frolova** (Russian Federation) said that her delegation needed time to study the report and consult with her capital. She requested that the oral draft decision not be adopted for the time being.

45. **The Chair** suggested that, in light of the request by the Russian Federation delegation, the Committee postpone the adoption of the oral draft decision.

46. *It was so decided.*

Agenda item 146: Report on the activities of the Office of Internal Oversight Services (A/73/324 (Part I) and A/73/324 (Part I)/Add.1)

Agenda item 135: Review of the efficiency of the administrative and financial functioning of the United Nations (A/73/304)

47. **Mr. Kanja** (Assistant Secretary-General for Internal Oversight Services), introducing the report of OIOS on its non-peacekeeping activities from 1 July 2017 to 30 June 2018 (A/73/324 (Part I) and A/73/324 (Part I)/Add.1), said that, during the reporting period, OIOS had issued 365 oversight reports, including 11 to the General Assembly. Of the 1,123 recommendations made in those reports, 25 had been classified as critical. The Office's report on its non-peacekeeping activities contained descriptions of selected oversight results, and full copies of all internal audit and evaluation reports were available on the OIOS website. Efforts to address vacancy rates in the Office had continued, and the overall OIOS vacancy rate at the end of August 2018 had been 11.6 per cent. He looked forward to discussing, at the informal consultations, a funding challenge faced by OIOS related to extrabudgetary resources, as detailed in paragraph 17 of the main part of the report (A/73/324 (Part I)).

48. The Internal Audit Division had issued 75 non-peacekeeping audit reports, aligned its risk-based work planning process with the Organization's enterprise risk management strategy, enhanced that process to better capture potential higher risks resulting from the reform initiatives, and focused its workplan on effectiveness and efficiency, potential fraud, information and communications technology, and such topical issues as the Sustainable Development Goals and organizational culture. It had led a working group established by the Meeting of Representatives of Internal Audit Services of the United Nations Organizations and Multilateral Financial Institutions to coordinate audits of humanitarian and development activities at the country level so that they covered a wider range of governance and operational matters and provided the General Assembly, the Secretary-General and donors with coordinated assurance regarding the effectiveness of United Nations programmes.

49. The Investigations Division had issued 57 non-peacekeeping investigation and closure reports, 54 per cent more than in the previous year. In 31 of those reports, the allegations had been substantiated. As requested by the Secretary-General, the Division had taken responsibility for investigating all complaints of sexual harassment and had implemented a streamlined procedure for receiving, processing and addressing such complaints, including the establishment of a specialized team to focus on the investigation of sexual harassment complaints. The Office had received 31 reports of sexual harassment, compared to 2 the previous year. The Inspection and Evaluation Division had issued six non-peacekeeping evaluation reports. In 2018, it had strengthened the core evaluation skills of its staff through a three-part training series on quantitative methods. The Division had facilitated discussion groups, and members of its staff had made presentations at the 2018 United Nations Evaluation Group evaluation practice exchange. It provided evaluation data, analyses and advice on reform initiatives to senior management.

50. **Ms. Pulido Tan** (Chair of the Independent Audit Advisory Committee), introducing the report of the Independent Audit Advisory Committee (IAAC) on its activities for the period from 1 August 2017 to 31 July 2018 (A/73/304), said that IAAC was responsible for advising the General Assembly on compliance by management with audit and oversight bodies' recommendations, including by monitoring the quality, level of follow-up, and rate of implementation of those recommendations, with a view to identifying and addressing weaknesses in the internal control system and programme performance. While the implementation rate had improved for recommendations of the Board of Auditors and OIOS, it had decreased for recommendations of JIU. Since investigations significantly strengthened accountability and reduced impunity, IAAC was concerned that the implementation rate for recommendations of the OIOS Investigations Division had been only 68 per cent in the first quarter of 2018. IAAC recommended that management implement the recommendations of audit and oversight bodies, particularly those of the Division, in full and in a timely manner.

51. In order for enterprise risk management to be an important management tool, it should be properly expanded from Headquarters to all offices. IAAC agreed with some managers outside Headquarters that the Organization needed a mature culture of prudent risk appetite. It would follow up, as a matter of priority, on the Organization's adoption of the three lines of defence model as part of the integrated assurance process. The Secretary-General, as part of his management reform efforts, had said that the United Nations must establish a culture that was focused more on results than on processes, better managed administrative and mandate delivery risks, valued innovation, and demonstrated a higher tolerance for honest mistakes and a greater readiness to take prompt corrective action. The Secretariat had conducted several assessments to better understand the current culture. At the meeting of the

Chairs and Vice-Chairs of the United Nations system oversight committees, participants had emphasized that audit committees could play an important role by ensuring that institutional tone and culture were included in their discussions of oversight matters. IAAC, therefore, recommended that the Organization take advantage of the reform to conduct a holistic review of the culture of the United Nations. The Organization should systematically identify and implement in word and action the positive culture that should define it. OIOS should establish a clear methodology, taking into account best practices, for periodically assessing the culture of the United Nations.

52. With regard to the effectiveness, efficiency and impact of the activities of OIOS, in order for the Office to establish itself as a trusted adviser, it needed to understand and appreciate its clients' concerns. In discussion with IAAC, some managers had said that they wanted OIOS to conduct more performance audits, but OIOS had informed IAAC that it believed that most of its assignments were in fact performance audits; the expectations of those managers regarding what constituted a performance audit seemed to diverge from those of OIOS. A mutual understanding of what constituted a performance audit should be reached and a balance between compliance and performance audits should be struck, in view of the JIU finding that stakeholders considered performance and compliance audits to be the most important types of audit. To change the focus of the Office's work, IAAC recommended that OIOS improve its capability to conduct performance audits by identifying plans for future performance audits, the applicable audit standards, the training its staff would need to better conduct such audits and a communication plan to inform its clients of the change. IAAC commended OIOS, in particular the Investigations Division, on addressing its long-standing vacancy issues. The Office must sustain that progress, including through retention strategies. The Ethics Office had informed IAAC of the long time taken by OIOS to complete investigations pertaining to retaliation. IAAC recommended that the Office reduce that time, since retaliation cases presented a high risk and should be investigated as a matter of priority.

53. IAAC welcomed the progress made in the implementation of Umoja, including the commitment by management to capture the Organization's financial cycle from strategic planning to reporting. Given the financial resources, effort and time invested in Umoja, the full cycle should be captured to maximize the system's potential. The governance, risk and compliance module of Umoja could provide OIOS with an opportunity for continuous auditing through an embedded audit module. An audit module was essential to a strong accountability system and should be given high priority in the implementation of Umoja. IAAC would continue to monitor and report on progress made with regard to the statement of internal control, an important accountability tool. Management had informed IAAC that, during the Secretariat's comprehensive anti-fraud and anti-corruption assessment, 16 risks had been identified, of which 6 had been classified as critical and requiring immediate attention. The Committee would follow up on the steps taken by the Organization to develop and implement detailed mitigation plans for critical fraud risks.

54. **Mr. Alsayed** (Egypt), speaking on behalf of the Group of 77 and China, said that OIOS had an important role in strengthening the Organization's internal oversight through internal audit, inspection, evaluation and investigations, and was essential to the improvement of internal controls, accountability and organizational efficiency and effectiveness, which were key objectives of the ongoing reforms. The Group supported the operational independence of the Office in line with General Assembly resolution 48/218 B. The recommendations made by OIOS during the reporting period were aimed at cost savings, overpayment recovery, efficiency gains and other improvements, and had financial implications of approximately $4.8 million, of which $1.4 million in savings and recoveries had already been realized. The Office had taken initiatives to strengthen its functioning and ensure that it carried out its work to the highest standards of professionalism and efficiency. In order to minimize overlap and duplication in oversight work, the continuous coordination between OIOS and other oversight entities, including the Board of Auditors and JIU, should be enhanced. Relevant United Nations entities should cooperate fully with the Office in the discharge of its responsibilities. The Group was concerned at the lack of budgetary support from one entity, which affected the ability of OIOS to conduct planned activities in a timely manner. The Secretary-General should report continuously on any future impediments to the work of the Office and prevent their recurrence. The number of outstanding critical recommendations at the end of the first quarter of 2018 had decreased to 35, of which 17 were past due. Management should fully implement all accepted recommendations, in particular those classified as critical, in a timely manner.

55. Independent internal oversight and hence OIOS were essential to the ongoing reforms, which were intended to help the United Nations fulfil its mandates more accountably, transparently and effectively. The

number of non-peacekeeping-related matters reported to the Investigations Division had increased by 46 per cent compared to the previous year, and the reporting of sexual harassment cases to the Division had increased significantly following the Secretary-General's reiteration of his commitment to the zero-tolerance policy. The Group welcomed the establishment by OIOS of a specialized team to investigate sexual harassment complaints, and the steps taken by United Nations management to ensure accountability and follow up on the outcomes of investigations. The progress made by the Office in overcoming the long-standing challenge of high vacancy rates should be sustained, the remaining vacant posts should be filled expeditiously and the obstacles to staff retention should be addressed.

56. With regard to the report of IAAC, the Group appreciated the expert advice and assistance of IAAC, whose comments, observations and recommendations were intended to ensure compliance with audit and oversight recommendations and the overall effectiveness of risk management procedures.

57. **Mr. Wanner** (Switzerland), speaking also on behalf of Liechtenstein, said that OIOS was essential to the efficiency and effectiveness of the United Nations. A robust and independent internal oversight function in the Secretariat was key to responsible resource management, a culture of responsibility and transparency, and optimal programme performance. The Office must maintain an appropriate degree of real and perceived independence from the management of the United Nations and of the funds and programmes, and must be able to perform its mandated activities impartially and objectively. OIOS must become a central tool for strengthening accountability at all levels, as proposed by the Secretary-General in his vision for a new management paradigm. The delegations welcomed the recent effort to address the lacunae in the mechanism for following up on investigation reports. Management should implement the recommendations of the Investigations Division in a timely manner to foster accountability. The Office was essential to the prevention of sexual exploitation and abuse and sexual harassment, and should strengthen investigations through a victim-centred approach and specialist response. He welcomed the establishment of a specialized team comprising six additional staff to investigate sexual harassment complaints. Retaliation cases presented a high risk and should be investigated as a matter of priority. The two delegations would seek ways of strengthening the Office to make the United Nations more accountable, transparent and effective.

58. **Ms. Sabar** (United States of America) said that the work of OIOS was essential, particularly in view of the Secretary-General's ongoing reforms. Member States should support the production by the Office of timely, high-quality audits, investigations, and evaluations that strengthened the Organization's accountability. With regard to internal audits, she thanked OIOS for its efforts to capture emerging risks through a workplan focused on potential fraud and organizational culture. Her delegation was concerned at the increase reported by OIOS in the number of pending audit recommendations, given that the Office's recommendations were intended to protect the Organization from risk and ensure that internal controls were in place. The Secretary-General should intensify his efforts to implement recommendations within the agreed time frames. OIOS should develop a common understanding of the type of audits it conducted, in particular performance audits. With regard to the increase in sexual harassment reporting to the Investigations Division, her delegation shared the Secretary-General's commitment to zero tolerance of such harassment and welcomed the establishment of a specialized team to investigate such complaints. OIOS should investigate matters related to retaliation in a more timely manner, given that the average time taken to complete such investigations was 200 days, whereas the revised whistle-blower policy stipulated a 120-day time frame. She hoped that the reduction in the Office's vacancy rates would allow more timely completion of investigations. Hiring managers should focus on recruitment policies and practices, which had been found by the Inspection and Evaluation Division as not supporting the hiring of the best talent. Her delegation was committed to strengthening the operational independence of OIOS, including by giving it greater authority and flexibility in the use of its resources, and looked forward to discussing initiatives to be taken in 2019 to strengthen its oversight function.

59. **Mr. Locsin** (Philippines) said that his delegation attached great importance to OIOS and acknowledged its efforts to maintain the highest standards of professionalism and efficiency. To strengthen the functioning of the Office and help fulfil its mandate, the Internal Audit Division had streamlined its work planning process and focused its workplan on potential fraud, information and communications technology, effectiveness and efficiency, and such topical issues as the Sustainable Development Goals and organizational culture. The Office had used the six non-peacekeeping evaluations issued by the Inspection and Evaluation Division to promote meaningful organizational change and the effective and efficient implementation of the Organization's mandates. In the reporting period, 341 matters pertaining to non-peacekeeping operations had been reported to the Investigations Division, an increase

of 46 per cent over the previous year and significantly more than the average annual increase of 15 per cent in the previous three reporting cycles. Reporting of sexual harassment to the Division had also increased considerably, following the Secretary-General's reiteration of his commitment to zero tolerance of such harassment. The Division had investigated many fraud and corruption cases, some of which had involved high-level officials.

60. IAAC had provided significant comments and inputs regarding the ways in which OIOS could establish itself as a trusted adviser of its clients. Given the divergence between the expectations of some managers and those of OIOS in relation to performance audits, a balance should be struck between compliance and performance audits to help those managers and the Office fulfil their mandates. His delegation noted the observations of IAAC on the role of OIOS in the implementation of the 2030 Agenda and the steps the Office had taken with respect to the Sustainable Development Goals, which had included focusing on emerging risks related to gender mainstreaming and gender parity and assessing the extent to which United Nations entities had mainstreamed the Goals in their national programmes. His delegation commended the cooperation between IAAC, OIOS and senior management in the Secretariat. IAAC had been given access to the documents and information needed for its work, without infringing on the autonomy of OIOS or senior management. The Office and IAAC should work closely with JIU and the Board of Auditors in a timely manner to ensure accountability and efficiency.

The meeting rose at 11.50 a.m.